

UPDATE THE BUDGET NEUTRALITY THRESHOLD

THE ISSUE:

The ACC is committed to developing and advancing solutions to optimize the delivery of cardiovascular care, increase access, promote health equity in communities nationwide, and improve patient outcomes and health. Much of this work is dependent upon appropriate valuation and payment of clinician work, especially when caring for one of our most vulnerable patient populations – Medicare beneficiaries. However, year after year, physician reimbursements within Medicare are decreasing as practice expenses continue to rise.

Reforming the budget neutrality threshold, which is the amount that payments can fluctuate within the Medicare Physician Fee Schedule (PFS) without triggering offsetting cuts, is essential. The current \$20 million threshold has not been adjusted, updated or modernized for inflation since its creation in 1989.

ACC'S POSITION:

Legislation such as the **Provider Reimbursement Stability Act** (H.R. 8163/S. 5180) would institute meaningful reforms, including:

- Increasing the budget neutrality threshold from \$20 million to \$54.3 million in H.R. 8163 and \$57.6 million in S. 5180, adjusting the number with inflation.
- Requiring the budget neutrality threshold to be updated by the cumulative increase in the Medicare Economic Index (MEI) every five years.
- Requiring the U.S. Department of Health and Human Services to prospectively revise spending estimates and budget neutrality adjustments based on actual after-the-fact utilization rates derived from claims data.
- Providing updates to the direct costs used to calculate practice expense Relative Value Units at least every five years.
- Limiting year-to-year changes to the conversion factor to no greater than $\pm 2.5\%$.

ACC'S ASK:

Cosponsor and support the **Provider Reimbursement Stability Act** (H.R. 8163/S. 5180) introduced by **Reps. Greg Murphy, MD, (R-NC), Brad Schneider (D-IL), John Joyce, MD, (R-PA), Tom Suozzi (D-NY), Bob Onder, MD, (R-MO), Jimmy Panetta (D-CA), Mariannette Miller-Meeks, MD, (R-IA), Kim Schrier, MD, (D-WA), and Robin Kelly (D-IL)** in the U.S. House, and **Sens. John Boozman (R-AR), Peter Welch (D-VT), Roger Marshall, MD, (R-KS), Angus King (I-ME), Thom Tillis (R-NC), and Jeanne Shaheen (D-NH)** in the U.S. Senate.

KEY TAKEAWAYS



From 2001 to 2026, the costs of running a practice increased more than 60%. During that same period, Medicare reimbursement rates have decreased by 33% with inflation.



The current \$20 million budget neutrality threshold has not been adjusted for inflation since its establishment in 1989.



The **Provider Reimbursement Stability Act** modernizes the budget neutrality threshold and creates additional forward-looking reforms.



IMPLEMENT A PERMANENT INFLATIONARY UPDATE

THE ISSUE:

Meaningful reform of the Medicare payment system is critical to ensure clinician work is appropriately valued. Ensuring that physician practices can keep their doors open, retain their staff and provide patients with ample access to care from the entire cardiac care team is integral to delivering high-quality patient care.

However, stagnant and declining payment for Medicare services creates financial uncertainty for practices and threatens access to care, particularly for those residing in rural or underserved areas.

To address some of these challenges, short-term patches have been periodically enacted, such as a 2.5% update to payment for 2026 included in the **One Big Beautiful Bill Act**. Unfortunately, this increase was nearly offset by a new -2.5% efficiency adjustment and other structural changes, including a reduction in indirect practice expenses for facility-based services. Additionally, the 2.5% update expires after 2026, which would result in another 1.68% payment decrease for physicians if the proposed 2027 PFS rule is finalized as written.

ACC'S POSITION:

While short-term patches are appreciated, there is a pressing need for a built-in annual inflationary update. Implementing an automatic inflationary adjustment to physician reimbursement would help mitigate annual cuts and reduce the ongoing need for congressional action.

The **Strengthening Medicare for Patients and Providers Act** (H.R. 6160) aims to address the long-standing instability in the PFS by providing an annual update tied to the MEI. By aligning annual updates to reflect changes in the cost of providing care, this legislation would help improve financial predictability and stability in Medicare physician payments

ACC'S ASK:

Cosponsor and support the **Strengthening Medicare for Patients and Providers Act** (H.R. 6160) introduced by **Reps. Raul Ruiz, MD, (D-CA), Gus Bilirakis (R-FL), Kim Schrier, MD, (D-WA), Ami Bera, MD, (D-CA), and Jimmy Panetta (D-CA)** in the U.S. House.

KEY TAKEAWAYS



Medicare physician reimbursement should be tied to the MEI.



The Medicare Payment Advisory Commission has supported a permanent physician update informed by the MEI.



Clinicians are slated to see a 1.68% cut in 2027 under the proposed PFS, following the -2.5% "efficiency adjustment" implemented in 2026.



Cuts to the conversion factor have resulted in a loss of over \$700 million for cardiology services since 2021.